

In the Matter of:
Certain Steel Products

Certain Steel Products

Public Comments on Potential Action Under Section 203 of the Trade Act of 1974

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Executive Summary

Cooper Tire & Rubber Company, a U.S. producer, importer, and purchaser of tubular products used in automotive fluid delivery systems, seeks an exclusion from remedy for such products. The products in question are small diameter (not greater than 1.5 inches), thin wall (less than 0.065 inch), carbon and alloy welded tubes described in HTS 7306.10.3000. They are produced to recognized specifications of the SAE, ASTM, and automotive original equipment manufacturers (Daimler Chrysler, General Motors, and Ford).

Imports of the subject tubing comprise a small subset (1.8 percent, last year) of imports of product in the "carbon and alloy welded tubular products (other than oil country tubular goods)" category. Not only are these HTS 7306.30.1000 imports not injuring U.S. tube producers, but, given the high degree of integration between the U.S. and Canadian industries producing this tubing and the markets in which the tubing is sold, the imposition of trade restrictions on such imports would be particularly harmful to U.S. manufacturing interests. Various U.S. producers of the subject tubes import them from Canada as well as export them to Canada.

While an exclusion is justified and appropriate with respect to the subject imports from all sources, it would be sufficient for the exclusion to be limited to imports from Canada, in view of the substantial regional integration. Further, since the import volume under HTS 7306.30.1000 is relatively small and the preponderance of such imports is for automotive fluid delivery system tubing, it should be sufficient to exclude tube classified under HTS 7306.30.1000 and not require additional evidence of intended use.

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**BEFORE THE
OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE
TRADE POLICY STAFF COMMITTEE**

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In the Matter of:)	
)	Public Comments on Potential Action Under
Certain Steel Products)	Section 203 of the Trade Act of 1974
)	
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**REQUEST OF COOPER TIRE & RUBBER COMPANY
FOR EXCLUSION FROM REMEDY OF CERTAIN SMALL DIAMETER,
THIN WALL, CARBON AND ALLOY WELDED TUBULAR PRODUCTS
USED IN AUTOMOTIVE FLUID DELIVERY SYSTEMS**

I. Introduction

In accordance with the United States Trade Representative's Notice of October 26, 2001 (66 Fed. Reg. 54,321), Cooper Tire & Rubber Company ("Cooper") requests the exclusion from remedy of certain small diameter, thin wall, carbon and alloy welded tubular products used in automotive fluid delivery systems.¹

In addition to manufacturing finished fluid delivery systems, Cooper is a producer (in both the United States and Canada), a purchaser, and an importer of the tubing used in such systems. That tubing consists of steel welded products whose wall thickness is

¹ Automotive fluid delivery (or handling) systems include such articles as the fuel bundle (fuel supply line, fuel return line, and vapor line), transmission oil cooling line, engine oil cooling line, HVAC (heating, ventilation, and air conditioning) lines, "dip stick" container, among other products made from welded steel and rubber tubular goods.

Cooper is a major domestic manufacturer of fluid delivery systems as well as tires and other automotive parts. The company's headquarters are in Findlay, Ohio and its facilities for manufacturing automotive fluid delivery systems are located in Fairview, Michigan; Bowling Green, Ohio; Mt. Sterling, Kentucky; and Sargonsville, Tennessee.

usually much thinner, and always less, than 1.65 mm (0.065 inch) and whose outer diameter is usually much smaller than, and never exceeds, 38.1 mm (1.5 inches).

This type of tubing, when imported, is described solely in HTS 7306.30.1000, as "Other tubes, pipes and hollow profiles . . . : Other, welded, of circular cross section, of iron or nonalloy steel: Having a wall thickness of less than 1.65 mm." We believe that the great majority of imports under that provision consists of automotive fluid delivery system tubing (with the balance consisting mostly of tubing used in refrigeration equipment). In 2000, 70 percent of total imports (and all of Cooper's imports) under HTS 7306.30.1000 were from Canada.

This tubing is a miniscule subset of the "carbon and alloy welded tubular products (other than oil country tubular goods)" category investigated in this proceeding (hereafter sometimes referred to as "WTP"). In 2000, imports under HTS 7306.30.1000 constituted 1.8 percent of imports of WTP by weight (and 5.1 percent by value).

On October 22, 2001, the International Trade Commission ("ITC") made an affirmative determination of serious injury or threat thereof with respect to WTP. The ITC was equally divided (3-to-3) as to whether imports from Canada should be excused under section 311 of the NAFTA Implementation Act. 19 U.S.C. § 3371. If the President, in exercising his authority under section 312 of that Act (19 U.S.C. § 3372), determines that imports from Canada do not contribute importantly to serious injury or threat thereof to the domestic producers of WTP, then such imports would necessarily be

excluded from remedy and our request for exclusion of imports under HTS 7306.30.1000 would be essentially moot.²

If, however, WTP from Canada is not excluded under section 312, then, for the reasons that follow, we respectfully urge that certain small diameter, thin wall, carbon and alloy welded tubular products used in automotive fluid delivery systems (classifiable under HTS 7306.30.1000) be excluded from remedy.

II. Presentation of Requested Information

The information sought by the Notice of October 26, 2001 (66 Fed. Reg. At 54,322-23) is set forth below.

- A. The designation of the product under a recognized standard or certification (e.g., ASTM, DIN), or the commercial name for the product and the HTS number under which the product enters the United States

The product that Cooper seeks to exclude is produced to a copyrighted specification of the Society of Automotive Engineers (SAE), namely, “WELDED LOW-CARBON STEEL TUBING - SAE J526 FEB96”. Other possible specifications are ASTM A513 and SAE J525.

² There are ample reasons for the President to reach such a conclusion, not the least of which is the fact that the Canadian import growth rate has been appreciably lower than that experienced by the world. *See* NAFTA, art. 802.2(b); 19 U.S.C. § 3371(b)(2); and *compare* 47.6 percent growth for WTP imports from Canada from 1996 to 2000 *with* 67.0 percent growth for total WTP imports over the same period. Moreover, the United Steel Workers of America ("USWA"), the Chairman of the House Steel Caucus, and the largest U.S. producer all support the exclusion of Canadian WTP. *See* testimony of Mr. Leo W. Gerard, International President, USWA, ITC hearing transcript of Sept. 17, 2001 at 86 *et seq.*; testimony of Congressman Phil English (21st District, Pennsylvania), *id.* at 381; testimony of Mr. David Mitch, Executive Vice President, LTV-Copperweld Tubular Products Group, ITC hearing transcript of Oct. 1, 2001 at 2472 *et seq.*

These same specifications are referenced in automotive original equipment manufacturer (OEM) specifications as noted below:

Daimler Chrysler	- MS-3235
General Motors	- GM 123/124M
Ford Motor Company	- ESF-M1A80

This product is commonly referred to in the industry as “small diameter welded steel tubing”. When imported, as noted, it enters the United States under the provision HTS 7306.30.1000.

B. A description of the product based on physical characteristics (e.g., chemical composition, metallurgical properties, dimensions, surface quality) so as to distinguish the product from products for which exclusion is not sought

This product is typically manufactured from low carbon, cold-rolled steel sheet. This base steel material is UNS G10060 or UNS G10080, also referred to as SAE 1006 or SAE 1008. The outside diameter never exceeds 38.1 mm (1.5 inches) and the wall thickness is always less than 1.65 mm (0.065 inches).

The product may be provided in several different surface finishes, depending on the application and desired level of corrosion resistance. Typical treatments applied over the base steel substrate include but are not limited to zinc/aluminum galvanizing, epoxy paints, and nylon or other polymers.

C. The basis for requesting an exclusion

Imports under HTS 7306.30.1000 are not causing or threatening injury to U.S. producers, but the imposition of additional duties or of quantitative restrictions on such imports would stand to cause substantial harm to the already vulnerable and beleaguered U.S. participants in the North American auto parts market.

The U.S. and Canadian industries producing the tubular product in question and the markets in which the product is sold are highly integrated. Several companies, including Cooper, manufacture this product in Canada for the fabrication of automotive fluid handling assemblies at their own facilities in different parts of the United States, including but not limited to Michigan, Ohio, Tennessee, Kentucky, Indiana, and North Carolina. Some of these companies also make these tubes in the U.S. and sell them for manufacture into automotive fluid delivery systems by related or unrelated companies in Canada. Other tube producers in the U.S. both export the subject tubes to Canada and import them from Canada. Similarly situated Canadian tube producers also export the subject tubes to the U.S. as well as import them from the U.S.

Also, as noted previously, imports of the subject tubes account for a minute portion of WTP imports overall. In 2000, of the more than 2.6 million short tons of WTP imported into the U.S., less than 48,000 short tons (or 1.8 percent) were imports under HTS 7306.30.1000.³ Given the high level of integration between the Canadian and U.S. markets for finished automotive fluid delivery systems as well as tubing for such systems, it is not surprising that Canada accounted for about 70 percent of those imports (33.6 thousand short tons). (This percentage reflects a decline from Canada's 90 percent share of such imports in 1996.)

Under the circumstances, the imposition of any trade remedy on the subject tube imports, especially from Canada, would be highly counterproductive and unwise.

³ Measured by value, imports under HTS 7306.30.1000 accounted for 5.1 percent of all imported WTP, reflecting the considerably higher unit value of the automotive tubing.

D. The names and locations of any producers, in the United States and foreign countries, of the product

Following is a list of producers of the product known to the applicant:

United States:

ITT Automotive – New Lexington & Archbold, Ohio
TI Automotive – Cynthiana, Kentucky
Cooper – Surgoinsville, Tennessee
Indiana Tube (Handy & Harman) – Evansville, Indiana
Markin Tube – Wyoming, New York
LTV Copperweld – Ohio (4), Michigan, Georgia

Canada:

Cooper – Sault Ste. Marie, Ontario
TI Automotive – Bramalea, Ontario
Rea International (Caledon Tube) – St. Marys, Ontario
LTV Copperweld – Ontario (3), Manitoba

Japan:

Usui
Maruyasu

Germany:

ITT Automotive
TI Automotive
Cooper
Bentler Automotive

Italy:

Marcegalia

- E. Total U.S. consumption of the product, if any, by quantity and value for each year from 1996 to 2000, and projected annual consumption for each year from 2001 to 2005, with an explanation of the basis for the projection

<u>Year</u>	<u>Quantity (Million Kgs.)</u>	<u>Value (\$US Million)</u>
1996	284	515
1997	302	590
1998	308	440
1999	336	450
2000	343	480
2001	308	440
2002	300	430
2003	315	450
2004	330	470
2005	345	500

All of the above figures are estimates, based on actual and assumed North American vehicle builds and additional miscellaneous product usage (primarily refrigeration equipment).

- F. Total U.S. production of the product for each year from 1996 to 2000, if any

<u>Year</u>	<u>Quantity (Million Kgs.)</u>
1996	262
1997	279
1998	279
1999	295
2000	295

The above figures are estimates, based on assumed capacity and utilization rates of known U.S. producers.

- G. The identity of any U.S.-produced substitute for the product, total U.S. production of the substitute for each year from 1996 to 2000, and the names of any U.S. producers of the substitute

We are not aware of any economically feasible substitutes for this product.

III. Conclusion

In view of the foregoing, small diameter, thin walled, welded tubular products of a kind described in HTS 7306.30.1000, used in automotive fluid delivery systems, should

be excluded from any increased duty, tariff-rate quota, or quantitative restriction that the President may impose under section 203(a) of the Trade Act. While an exclusion is justified and appropriate with respect to such imports from all sources, it would be sufficient for the exclusion to be limited to imports from Canada, in view of the high degree of integration between the relevant industries and markets of Canada and the United States. Moreover, given that the import volume under HTS 7306.30.1000 is relatively small and that the preponderance of such imports is for automotive fluid delivery system tubing, it should be sufficient to exclude tube classified under HTS 7306.30.1000 and not require additional evidence of intended use.

Respectfully submitted,

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